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Agenda Item 5a

August 16, 2011

TO: MEMBERS OF THE FINANCE COMMITTEE

- I. **SUBJECT:** Selection of the Board of Administration's Independent Financial Statement Auditor
- II. **PROGRAM:** Audit Services
- III. **RECOMMENDATION:** Approval of the Final Selection of the Board of Administration's Independent Financial Statement Auditor for the five-year term beginning with Fiscal Year 2011-2012 and ending Fiscal Year 2015-2016, subject to successful contract negotiations.

IV. ANALYSIS:

Government Code Section 20228 requires the Board of Administration to annually employ a Certified Public Accountant to audit CalPERS financial statements.

In June 2010, the Finance Committee approved an agenda item authorizing staff to issue a request for proposal for the Board of Administration's Independent Financial Statement Auditor.

A request for proposal (RFP 2010-5694) was issued in May 2011. An evaluation team composed of Office of Audit Services and Fiscal Services staff evaluated the technical and fee proposals in accordance with the provisions in the RFP.

As a result of the scoring process, staff will present the firm recommended to become the Board of Administration's Independent Financial Statement Auditor for a five-year term beginning with Fiscal Year 2011-2012 and ending Fiscal Year 2015-2016. Staff will summarize the background information and qualifications of the selected proposer including:

- Professional Credentials
- Pension System Audit Experience
- Technical Background
- Cost Information

V. STRATEGIC PLAN:

This item is not a specific product of the Strategic Plan, but assists the Board of Administration in fulfilling its fiduciary role and statutory responsibility to secure an annual independent financial statement audit.

VI. RESULTS/COSTS:

This item will result in the selection of a Certified Public Accounting firm to be the Board of Administration's independent financial statement auditor. The selected proposer will perform five consecutive annual audits of those funds over which the Board of Administration exercises responsibility. The five year cost for audit services will be based on the fee proposal of the selected proposer.

MARGARET JUNKER, Chief
Office of Audit Services

PETER H. MIXON
General Counsel